

## TABLE OF CONTENTS

Introduction .....	1
Section I. Task Force Creation and Responsibilities .....	2
Section II. Findings .....	2
Section III. Recommendations .....	5
Section IV. Background Information .....	8
Transportation Needs (See Appendix A) .....	8
Highway .....	8
Transit .....	9
Centennial Highway Fund (see Appendix B) .....	9
New Revenue (see Appendix C) .....	10
Local Highway Authority Participation .....	11
Joint Transportation Planning .....	12
Transportation Project Selection .....	13
State Highway Maintenance .....	13
Congestion Mitigation Alternatives .....	13

# Transportation Planning Task Force Report

to the

Transportation Interim Committee

November 19, 2003

Draft -- for discussion only! October 29, 2003

## Introduction

Transportation funding is one of the greatest fiscal challenges facing the state of Utah as it advances through the first decade of the 21<sup>st</sup> Century. Addressing these challenges will require vision, determination, and discipline on the part of the state's leadership. Conflicting financial demands for other significant programs will only make the solutions more difficult and elusive. However, the selected path, its elements and contributions, will in large measure determine the future vitality of our state.

The state's economy grew for many years based on a highly qualified work force, a desirable business climate and a quality of life unequaled in the country. Paralleling the state's robust economy was a long-term trend of population growth based on a combination of internal increase and in-migration. With economic and population growth came a demand for transportation facilities to support the movement of goods and the needs of Utah's increasingly mobile residents. Investments over the decades resulted in a fundamentally sound transportation system for the citizens of our state.

Composed of a series of local roads and state highways this transportation system bears an increasingly greater burden of traffic and freight movement with each passing year. In more recent years, transit systems have been added in the form of traditional bus routes and light rail lines that provide yet another dimension to Utah's transportation picture.

For years, Utah, along with the other 49 states in the nation, relied on federal funding as the backbone of its revenue framework. While still an important source of transportation funds, the reality is, that states must look to additional revenue streams besides the federal Highway Trust Fund to solve their funding dilemmas.

The funding options available to Utah are many and varied. One thing is certain--**there will be no singular solution to resolving the transportation-funding dilemma facing the state.** Other states and communities have discovered that they must rely on a variety of means to raise sufficient funds to meet their highway and transit needs. **States have also learned the clear reality that fuel taxes alone cannot support an ever-burgeoning demand for transportation funding.** Any increases in fuel taxes must be accompanied by other, more creative means for raising needed funds.

This is not just a state problem. The answers don't lie only in the Legislature finding and implementing revenue streams to support transportation at all levels of government. Rather, it is a problem whose solutions transcend government and its many layers. In some cases, local communities are taking matters into their own hands through a variety of tools provided by legislatures authorizing voter initiated

measures that raise funds for specific projects and defined timelines. More and more often, it is a partnership between the state and the local entity that funds important transportation improvements. These partnerships are recognition that transportation demand is a function of intrastate movement of people and goods as well as locally generated use.

**The solution to Utah's transportation funding future will likely be a menu of alternatives that may differ from one community to another.** What works in Washington County may not be applicable to the citizens of Cache County. **Flexibility, opportunity, and an eye towards uniqueness and fairness will all be a part of the optimum approach.**

This report is presented in four major sections:

- ★ Task Force Creation and Responsibilities
- ★ Findings
- ★ Recommendations
- ★ Background Information

Appendices, as appropriate, have also been provided for further reference.

## ★ **Section I. Task Force Creation and Responsibilities**

H.B. 310 "Transportation Planning Task Force," which passed during the 2003 General Session, created a 12-member legislative task force to review, make recommendations, and make a report on the following issues:

- the transportation needs for Utah in the next 10 and 20-year time frames;
- the current transportation revenues and their future projections;
- alternative transportation revenue mechanisms available or currently in use around the country;
- effects of transportation systems on communities and neighborhoods; and
- alternative modes to meet transportation needs.

The final report, including any proposed legislation must be presented to the Transportation Interim Committee prior to the end of November 2003. The Task Force is repealed November 30, 2003.

## ★ **Section II. Findings**

**Finding #1 – Significant transportation infrastructure needs still exist in Utah.** Utah continues to experience major congestion and mobility challenges as a consequence of the lack of investment in state and local transportation systems during the 80's and early 90's. A noble effort to reverse this situation was undertaken through the establishment of the CHF (Centennial Highway Fund) but statewide needs far exceed the progress to date. Adding to the complexity of Utah's transportation challenges are the combined impacts of rapid population growth and explosive increases in VMT (vehicle-miles-traveled) balanced against the need to ensure a strong economy and preserving our quality of life. All of these factors continue to create an ever-increasing demand for additional

transportation capacity and operational improvements at the state and local level.

**Finding #2 – A long-term transportation funding vision is needed.** Utah must avoid short-term “quick” fixes for transportation finance. The CHF, as originally conceived, made a substantial effort in establishing a well thought out approach for long-term transportation funding, providing the vision necessary to address long-term infrastructure development projects. However, even that effort does not represent the full extent of the vision and discipline that will be necessary to advance a multimodal transportation system serving all of Utah. The revenue resources advanced for funding the future transportation needs of the state should adhere to the following principles:

- address both local and state transportation needs;
- maximize regional and statewide co-operation;
- provide a broad based mixture of revenue from both local and state sources;
- offer opportunities for private sector involvement and funding;
- provide for the needs of multi-modal transportation improvements, including transit and road/highway; and
- maximize funding for all modes without reducing revenue opportunities for specific modes.

**Finding #3 – The principles upon which the CHF was established have changed.** In 1997, the CHF established a list of projects and a plan of finance with the best knowledge available to the Legislature and the UDOT (Utah Department of Transportation) at the time. While there has been little change to the actual list of projects, there is substantially more known about the scope and needs of the proposed work than was possible at the creation of the CHF during the 1997 legislative session. These refinements in project scope have generally resulted in increases to project budgets. Budget increases have been met with modifications to the format, amounts, and structure of the revenues available through the CHF, including reductions in General Funds and increases in indebtedness. In sum, the CHF has changed substantially since its inception and requires a comprehensive review to determine how best to proceed with these projects in context with current state and local transportation needs.

**Finding #4 – The CHF did not address the costs associated with the subsequent maintenance and operations requirements for completed improvements.** The CHF was a capital program focused on adding capacity to the state’s road and highway system. It did not contain the necessary funding for the long-term maintenance activities that would emanate from the additional lanes and features built. Each year the Legislature appropriates funds for UDOT’s maintenance activities. These appropriations have not kept pace with the increasing needs created through the CHF and other capital improvement activities on the state’s highway system.

**Finding #5 – Local needs for transportation improvements continue to outstrip available funds.** The crisis in transportation finance for needed improvements is not just a state issue. Local communities throughout the state are unable to meet the demands of their citizens for local road projects. Local elected officials are in need of additional tools for funding the ever-growing demand for

more capacity and other improvements.

**Finding #6 – Transportation finance strategies must be based on a variety of tools at both the state and local levels and on public and private sources.** Historically Utah, and the nation as a whole, has relied on the fuel tax as the principle revenue stream to fund road and highway improvements. Experience has shown that the fuel tax, even with regular increases, is insufficient as the singular revenue stream upon which to base a long-term funding strategy. Its inability to raise the level of funding for the required needs is clear. Thus, other financial tools must be explored and adopted to raise the revenue levels to the point they begin to address the transportation needs of the state. In addition, it is clear that the selected revenue sources for Utah's transportation system must recognize both state and local needs, cross the boundaries between highways and transit, and be complimentary at the state and local levels. The Task Force recognized that there are many financial tools in use throughout the country and that some array of these options must be explored to meet the finance needs of the state.

**Finding #7 – Federal funding is just one component of the financial plan and should not be viewed as the principle source of revenue for transportation improvements.** For many decades, Utah and the other 49 states relied on substantial funds from the federal Highway Trust Fund to provide revenues to build many of its highways. Over time, the percentage of Utah's overall transportation funding capitalized through federal funds has diminished to the point of becoming a minority contributor to the overall program. While the prospects of continued federal funding appear to be solid, the state must realize that the answers to its transportation financing do not lie solely with the federal government but rather the majority of funding needed for desired capacity improvements must come from state and local sources.

**Finding #8 – Bonding initiatives must be conservative and based on the long-term financial strategies adopted by the Legislature.** The Task Force recognized that bonding for major projects will be an essential component of the state's transportation finance plan. However, it is clear that any bonding effort should be of a short-term, rather than a long-term nature. Long-term bonding typically causes severe impacts on the ability to develop follow-on projects. Bonding should not be considered a revenue source but instead a tool to cover a defined term cash flow need and should be accompanied by a disciplined and reliable repayment plan.

**Finding #9 – The state needs a comprehensive, multimodal transportation plan.** Transportation planning in the state of Utah is undertaken by a multitude of governmental entities. These plans are sometimes based on differing federal requirements, funding assumptions, and project criteria. The result is a mixture of plans with differences in horizons for construction and funding. Additionally, the plans aren't integrated with one another nor are the transit and highway projects shown in a singular document. The Task Force recognizes the substantial progress in the attempts of UDOT, the MPOs (Metropolitan Planning Organizations), the UTA (Utah Transit Authority), and other transit districts to rectify this situation but feels that more should be done to provide elected officials with a comprehensive

plan that will facilitate the kind of transportation investment Utah needs to meet its needs in the coming years.

**Finding #10 – There is an inseparable link between land use and transportation needs.** The Task Force found that there is very little connection between the land use decisions made at the local level and the delivery of transportation projects at regional and state levels. To be sure, UDOT and transit agencies must consider land use trends in establishing the purpose and need for its planned facilities, but these agencies are not in a position to influence or control the local decisions made regarding land use or development. The impacts of this “disconnect” between land use planning and transportation planning has the potential of “bankrupting” the state’s transportation finance process if left uncoordinated in the future.

**Finding #11 – Prioritizing transportation improvements should be accomplished using a “needs based” approach.** The UDOT is in the process of preparing their new long-range transportation plan. This plan is based on many inputs including traffic volumes, safety issues, maintenance requirements, and other factors. It is founded on a geographic information system and represents a substantial step forward in applying the information available to the agency in rendering the best transportation decisions possible for the state. Other planning entities are going through a similar process and are showing an increasing level of sophistication in their planning efforts. The Task Force finds that further maturing of this project selection process would be appropriate with decisions on project priorities based on specific performance or “needs based” criteria.

**Finding #12 – Transportation improvements should consider congestion relief and economic development as significant discriminators in selecting projects for construction.** Demands for transportation improvements will more and more center on the need to relieve congestion and to address important economic development concerns at the state and local level. Advances in relieving congestion have been made in recent years. Of note are the improvements to I-15 and the contributions of other CHF and non-CHF projects to this end. Additionally, the Task Force recognized the important contributions that UDOT’s CommuterLink system and their incident response team have made to improving the commute for many Utahns. However, future programming and prioritization of projects must be even more cognizant of the need to address congestion and the value that transportation facilities bring to economic development.

### ★ Section III. Recommendations

**Recommendation #1 – The Legislature should adopt a comprehensive transportation finance plan addressing state and local needs.** The attributes of this plan should include the following:

- It should provide tools at the state and local levels to finance needed transportation improvements. Tools to be considered may include, but are not limited to the following:
  - shift in state budgets to transportation;
  - registration fees;

- drivers license fees;
  - fuel taxes;
  - impact fees;
  - sales taxes attributed to transportation related products;
  - general sales taxes;
  - taxes on hotel rooms;
  - fees on rental cars; and
  - others.
- It should provide for accountability at all levels of jurisdiction for the use of funds generated.
  - It should provide flexibility at the state and local levels in the application of these tools.
  - It should recognize the differences in travel patterns, needs, and issues between the rural and urban communities of our state.
  - In all cases, proposed revenue sources will be examined with full public dialogue, a consideration of the merits for each proposal and its impacts at the local and state levels, and any other issues relevant to its potential implementation.

**Recommendation #2 – The Centennial Highway Fund should receive additional General Fund infusions through completion of the projects and retirement of the debt.** A plan for completing the projects to be built under this program should be prepared to include a list of projects, finance structure, and timeline based on current conditions. UDOT and the State Transportation Commission should provide the basis for this plan in consultation with the Legislature. The Legislature should identify ways to retire the existing debt, preserving existing General Fund monies to ensure the ability to service current debt payments. UDOT's reanalysis of the CHF will be due to the Legislature no later than August 2004.

**Recommendation #3 – Refine the financial estimates of the long-term transportation needs.** The UDOT, the MPOs, and the transit agencies should be directed to assess critical transportation needs and return to the Legislature in August 2004 with a solid list of funding requirements for future projects. The planning horizon for this effort is five to seven years. This work should include necessary scoping and budget analysis to provide the Legislature with sufficient information to render informed and appropriate decisions relating to any potential transportation finance plan. Prior to the end of the 2004 legislative session, funding should be established by the Legislature for accomplishing this work.

**Recommendation #4 – UDOT should broaden criteria for prioritizing transportation projects.** The UDOT, the MPOs, and the transit agencies should explore the means by which congestion relief and economic development can be incorporated into their transportation planning and prioritization process and report back to the Legislature with recommendations no later than August 2004.

**Recommendation #5 – Develop and adopt a long-range, statewide, multimodal transportation plan.** The UDOT, all transit districts, and all MPOs should prepare a comprehensive, unified, 30-year

statewide transportation plan that includes state and local facilities as well as anticipated transit improvements.

**Recommendations #6 – Review the nature and role of transit districts.** The Legislature should examine the nature of transit districts in Utah and consider their organizational structure, governance, jurisdiction, relationship with local and state governmental entities, and assess their effectiveness.

**Recommendation #7 – Coordinate land use development and transportation planning.** The UDOT should develop a plan whereby transportation impacts resulting from local land development decisions will be recognized, addressed, and necessary improvements effected due to on-going economic development initiatives in local communities. UDOT should consult with the State Transportation Commission, the League of Cities and Towns, the Utah Association of Counties, the MPOs, and the Joint Highway Committee in developing this proposed plan. Elements of the plan should include coordination of local government development activities with UDOT, how traffic impacts will be assessed and accounted for, the role of the State Transportation Commission and UDOT in the coordination of these efforts, and other elements necessary to ensure responsibility and accountability. The draft plan should be provided to the Legislature in July 2004.

**Recommendation #8 – Strengthen corridor preservation tools to better address future infrastructure requirements.** The current corridor preservation fund should be retained and available revenues should be increased.

**Recommendation #9 – Establish comprehensive financial management procedures.** The Legislature should adopt a procedure for auditing the use of B&C road funds at the local level to ensure that these funds are used for their constitutional purpose and to supplement not supplant local funds already committed to transportation. The state auditor's office should be assigned with the implementation of this recommendation.

**Recommendation #10 – Reassess the maintenance requirements of the statewide transportation system.** The UDOT should provide the Legislature with a comprehensive assessment and prioritization criteria of the maintenance needs for the state transportation system no later than August 2004. The Legislature should review UDOT's maintenance assessment and determine how it will address the funding shortfall that exists so that the state's critical infrastructure is maintained in a proper and timely manner.

**Recommendation #11 – Prioritize congestion relief and commuter services.** The Legislature and State Transportation Commission should continue to fund congestion relief and commuter services. The UDOT should increase the use of traffic demand management strategies including traffic signal optimization initiatives, incident response teams, and CommuterLink services.

**Recommendation #12 – Strengthen regional planning and coordination, particularly along the**



**Wasatch Front.** MPOs that have contiguous boundaries should coordinate transportation plans, project priorities, and transportation improvement programs and should submit these to UDOT and present them to the Legislature as comprehensive, seamless plans. The Wasatch Front Regional Council, Mountainland Association of Governments, UTA, and UDOT should strengthen the work of the Joint Policy Advisory Council in their joint planning and coordination activities.

**Recommendation #13 – Improve environmental stewardship.** The Division of Air Quality air quality planning process, including SIPs, should involve UDOT and the MPOs as full partners. Priority should be given to developing air quality plans to ensure that there are no further conformity lapses, particularly related to mobile source budgets.

**Recommendation #14 – Reauthorize the Transportation Planning Task Force.** The members of the Task Force recommend reauthorization of the Task Force for one year to review the various plans recommended in this report and to address additional transportation planning issues.

## ★ Section IV. Background Information

### Transportation Needs (See Appendix A)

The importance of transportation infrastructure to the state's economy and the general well being of its citizens is difficult to overstate. Transportation needs of both urban and rural areas require continual assessment, advanced planning, thoughtful project development and implementation, and funding. But the obligation does not stop with a completed construction project. Maintenance and operation of transportation infrastructure must be done vigilantly throughout the useful life of each facility. In addition, rural area transportation needs must never be forgotten or ignored.

- The state must find a way to address growing transportation needs.
- In the next 30 years needs include more than:
  - \$17.9 billion in highway improvement; and
  - \$4 billion in transit improvements.

#### Highway

The UDOT (Utah Department of Transportation) and the MPOs (Metropolitan Planning Organizations) are required to develop a fiscally constrained 30-year plan to address transportation needs. These plans indicate \$17.9 billion will be needed to fund state highway improvements over the next 27 years. The plans assume that the equivalent of a five-cent per gallon gas tax increase will be enacted by the Legislature every six years beginning in 2005. Under current estimates each penny per gallon increase in the motor fuel and special fuel tax rate

<b>2030 Long Range* Transportation Plan Needs</b>	
(Reconstruction and Capacity Improvements)	
<b>WFRC MPO</b>	\$9,700,000,000
<b>MAG MPO</b>	3,700,000,000
<b>Cache MPO</b>	426,800,000
<b>Dixie MPO</b>	426,700,000
<b>UDOT Non-MPO</b>	3,619,500,000
<b>Total</b>	<b>\$17,873,000,000</b>
*Note financial assumptions are subject to change upon completion of MPO Long Range Plans	
Source: UDOT 8/27/2003	

yields \$13 million annually. A five-cent increase would generate \$65 million annually. Moreover, UDOT has identified an additional \$13 billion of unfunded needs through 2030 that are not included in the needs or funding list above.

## Transit

The UTA (Utah Transit Authority) which provides public transit services along the Wasatch Front to 80 percent of the state's population, will need \$4 billion in the next 30 years to fund the construction of commuter rail, light rail extensions, and bus rapid transit lines. The Wasatch Front Regional Council has recently approved for public comment a plan which assumes that the equivalent of a ½ cent sales tax increase for transit will be allowed by the Legislature and passed by the voters within UTA's jurisdiction by 2006. The Plan includes 40 miles of light rail additions, commuter rail from Brigham City to Payson, and Bus Rapid Transit serving areas in Weber, Davis, Salt Lake, Utah, and Tooele Counties. The additional sales tax revenue would generate approximately \$130 million per year for construction and operation of transit improvements and allow much of the Plan to be completed before 2020.

The 30-year capital improvement needs reported for the other transit districts in the state are:

- \$90 million for the Cache Valley Transit District and the Logan Transit District;
- \$90 million for the Park City Transit District; and
- \$100 million for the Sun Tran Transit Districts (in St. George).

## Centennial Highway Fund (see Appendix B)

The CHF (Centennial Highway Fund) was initially an 11-year \$2.4 billion program of highway projects beginning in FY 1997 and ending in FY 2007. The CHF was used to fund the \$1.56 billion I-15 reconstruction project in Salt Lake County and it is being used to fund 40 other major highway construction and reconstruction projects throughout

the state. The initial plan would have provided a \$1.9 billion deficit at the end of FY 2007. However current projections show the deficit will be closer to \$1.4 billion at the end of FY 2007. Under current revenue sources the CHF debt will be paid-off in FY 2017, ten years later than planned. **This delay jeopardizes a growing list of other needed highway projects that are not on the CHF list.** At least four factors have contributed to this situation:

- a. \$956 million in increased project costs were added with no additional funding;
- b. General Fund contributions have not been made as initially planned resulting in:
  - additional bonding (i.e. \$1.2 billion in bonding and \$517 million additional in interest and issuance costs),
  - a disruption of planned cash flow, and
  - planned General Fund contributions being used for other state needs during recent years of state budget shortfalls;

- CHF was needed to accomplish key highway improvements throughout the state.
- Using the CHF as a state rainy day fund jeopardizes the state's ability to address additional highway needs.

- c. the initial project costs estimates were not complete and underestimated the cost of the projects due to the lack of project scope, hasty development of the list, and unclear understanding of project expectations; and
- d. the initial revenue package was overly optimistic (e.g. \$200 million in savings from UDOT efficiencies).

Additional bonding was added to the CHF in response to a lack of current revenue in the plan. The initial CHF plan for \$563 million in bonding included a net interest and other bonding costs of \$200 million. Instead \$1.8 billion in bonding will be needed with net interest and other bonding costs projected to be \$717 million. The increased cost associated with increased bonding and paying off ten

<b>Centennial Highway Fund Comparison*</b>				
	<b>FY 1997 Plan to FY 2007 Pay Out</b>	<b>FY 2003 Plan to FY 2007</b>	<b>FY 2003 Plan to FY 2017 Pay Out</b>	<b>Difference to Pay Out FY 1997 Plan vs. FY 2003 Plan</b>
I-15 Reconstruction	\$1,200,000,000	\$1,558,000,000	\$1,558,000,000	\$358,000,000
Other Projects and Adjustments	1,200,000,000	1,798,337,000	1,798,337,000	598,337,000
Total Capital Expenditures	2,400,000,000	3,356,337,000	3,356,337,000	956,337,000
Net Bonding Cost	200,371,000	405,102,000	717,510,000	517,139,000
<b>Total Cost</b>	<b>\$2,600,371,000</b>	<b>\$3,761,439,000</b>	<b>\$4,073,847,000</b>	<b>\$1,473,476,000</b>
General Fund Revenue	\$1,214,236,000	\$1,040,518,000	\$1,731,402,000	\$517,166,000
Transportation Revenue	814,365,000	883,951,000	2,045,918,000	1,231,553,000
Federal Funds	450,000,000	450,000,000	450,000,000	0
Other Revenue	119,843,000	9,023,000	9,023,000	-110,820,000
<b>Total Revenue</b>	<b>\$2,598,444,000</b>	<b>\$2,383,492,000</b>	<b>\$4,236,343,000</b>	<b>\$1,637,899,000</b>
<b>Balance at end of FY</b>	<b>\$1,926,000</b>	<b>\$1,418,277,000</b>	<b>\$0</b>	<b>\$1,416,351,000</b>
<b>Total Bonding</b>	<b>\$563,500,000</b>	<b>\$1,774,000,000</b>	<b>\$1,774,000,000</b>	<b>\$1,210,500,000</b>
*Note for simplicity only major categories are shown in round numbers, in addition the table does not include \$200 million in UDOT efficiencies.				
Source: Office of the Legislative Fiscal Analyst's spreadsheets dated 3/5/97 and 7/1/03				
Prepared by the Office of Legislative Research and General Counsel October 2003				

years later than originally planned will cost an extra \$517 million.

## New Revenue (see Appendix C)

After numerous in-depth discussions on dozens of revenue options to enhance transportation funding, the Task Force agreed on the criteria shown in the adjacent table to evaluate potential revenue sources.

- New revenue for highway and transit is needed.
- The Legislature must address this need.

Sales tax on motor vehicles and motor vehicle related parts and services account for 15.8% of the total sales tax revenue generated in the state over the last 13 years. The state's sales tax revenue is deposited in the General Fund and accounts for approximately 85% of the total General Fund revenues.

Fuel tax revenue is deposited in the Transportation Fund and accounts for approximately 85% of the total Transportation Fund revenues. Vehicle registration fees account for approximately 7.4% of the total Transportation Fund revenues.

## Local Highway Authority Participation

The highway system in the state is an interdependent network of local streets, collector roads, arterial highways, and freeways. The traveling public is largely unaware and does not care which highway authority maintains the highway they are using. Yet the system must work seamlessly for each trip. This requires continuous coordination and cooperation between highway authorities.

Local highway authorities fund highways under their jurisdiction with property tax, sales tax, and other General Fund monies. In addition, by statute counties and municipalities get 25% of the highway user taxes collected by the state that are deposited in the Transportation Fund. This B and C Road Account money is allocated each quarter based on a population and road miles' formula (see Section 72-2-108 Utah Code Annotated). In 1997 when the Legislature began to fund the CHF, the increase in registration fees was statutorily withheld from the 25% split in order to devote more revenue to the CHF.

Much of the need to add highway capacity in particular areas of the state results from the exercise of private property rights and local land use and economic development decisions. A commercial or residential developer who proposes a project that conforms to planning and zoning regulations usually receives authorization from local governments despite the potential impact of the development on local and regional highway systems. In addition, new commercial development is the primary means local government can increase their budgets. Thus, attracting business is a high priority for almost all local governments. Local governments receive a 1% sales tax which is distributed based on 50% point of sale (location of the sale) and 50% population. New revenues are used to offset the cost of increased

### Evaluation Criteria (Good Option Tests)

1. Is it a public priority? Can the taxpayer afford it?
2. Can it work now? Can it work in the future?
3. Is it fair (equity e.g. urban vs. rural)?
4. Can it be administered effectively and economically? (is it certain, easy to pay, easy to collect)
5. How will it affect taxpayer behavior?
6. What is the potential for tax evasion?
7. Is it reliable (consistent revenue stream)?
8. Is it worth it? (cost vs. benefit)
9. Does it instill improved state/local cooperation, participation, and planning?

- Counties and municipalities are partners with the state in providing a viable highway and transit system.
- A renewed emphasis in that partnership is needed to find shared transportation solutions.

services needed due to the development and to supplement other services.<sup>1</sup>

Some local governments charge development impact fees and require developers to make infrastructure improvements in the immediate area of the development. In some cases special improvement districts are formed to collect taxes from the land owners benefitted by the improvements. These receipts can then be used to payoff bonds from infrastructure improvements made by local government.

Although capacity improvements on state highways have a direct benefit to local governments in the immediate area, local participation in funding the projects through a matching basis is not used consistently. When matching is used, the local government is often reimbursed for its contribution. The result is that the state is often viewed by local government as a grantor of highway benefits rather than a partner in providing transportation systems.

## Joint Transportation Planning

A "continuing comprehensive transportation planning process carried on cooperatively by states and local communities" is required by congress. The UDOT (Utah Department of Transportation), UTA (Utah

- Cooperative transportation planning is essential.
- Recent progress toward joint transportation planning should continue.

---

<sup>1</sup>Local governments also have the ability to adopt local option sales taxes to generate revenue for transportation purposes. A county, city, or town located in a transit district may adopt a Public Transit Tax of .25% and an Additional Public Transit Tax for Expanded System and Fixed Guideway Interstate Improvements (Additional Transit Tax) of .25%, which serve as the sole source of funding for public transit districts in localities that have adopted these taxes. The revenue from the Public Transit Tax may be used to fund a public transportation system. The revenue from the Additional Transit Tax may be used to fund a fixed guideway and expanded public transportation system. However, in a first class county 75% of the Additional Transit Tax revenues are allocated to fund a fixed guideway and expanded public transportation system and the remaining 25% are allocated to fund new construction, major renovations, and improvements to Interstate 15 and state highways within the county and to pay any debt service and bond issuance costs related to those projects. As of July 1, 2003, Salt Lake County, Weber County, Davis County, three cities in Box Elder County, nine cities in Cache county, one city in Summit County, six cities in Tooele County, and 15 cities in Utah County have adopted the public transit tax. Salt Lake County, Weber County, and Davis County have also adopted the Additional Transit Tax.

Cities and towns that are not subject to the Public Transit Tax may adopt a Highways or Public Transit Tax of .25%. This revenue may be used for construction and maintenance of highways under the jurisdiction of the city or town imposing the tax, to fund a system for public transit, or both. As of July 1, 2003, two cities in Carbon County, one city in Duchesne County, one city in Emery County, one city in Grand County, one city in Iron County, one city in Juab County, two cities in Sanpete County, two cities in Sevier County, one city in Uintah County, one city in Wasatch County, and six cities in Washington County have adopted this tax.

A county that has not adopted the Additional Transit Tax, may adopt a County Option Sales and Use Tax for Highways, Fixed Guideways, or Systems of Public Transit of .25%. The revenue from this tax may be used for a project or service relating to a fixed guideway system, a project or service relating to a system for public transit, or a project relating to a state highway that begins on or after the date of imposition and involves new construction, renovation, improvement, or an environmental study. As of July 1, 2003, no counties have adopted this tax.

Transit Authority), MAG (Mountainland Association of Governments), and WFRC (Wasatch Front Regional Council) through a written agreement dated August 21, 2002, will conduct joint transportation planning for the counties of the Wasatch Front including Weber, Davis, Salt Lake, and Utah counties. A Joint Policy Advisory Committee (JPAC) has been established along with a Joint Technical Advisory Committee (JTAC) to establish a seamless transportation process to address long range plan project priorities and funding mechanisms. JPAC will:

- a. establish common evaluation criteria for rating and ranking highway projects;
- b. establish a common list of prioritized highway projects needing new sources of funding;  
and
- c. pursue a financing strategy necessary to fund the prioritized list of highway projects.

This joint effort is vital to the success of the transportation system along the Wasatch Front and similar cooperation is needed in other areas of the state.

## **Transportation Project Selection**

Recent improvements in planning cooperation between UDOT, MPO's, and UTA provide a greater level of confidence in existing transportation project selection practices. Further advances in coordination are required in order to maximize the value obtained from existing and future revenue streams. Project selection criteria include safety issues, maintenance concerns, congestion impacts, and other elements. Currently, there are no cost of congestion and economic development elements considered in the prioritization process. This results in missed opportunities for the state's growth and continued vibrancy.

- Transportation project selection is best done without political influence.
- Criteria based project selection is most likely to result in the most optimal use of taxpayer dollars.

## **State Highway Maintenance**

The state highway system represents a substantial investment and a vital asset to the citizens of the state. Maintaining this highway system in a safe and efficient manner requires significant ongoing funding and the best thinking, efforts, and dedication of the Department of Transportation.

- Highway maintenance must never be neglected.
- Maintaining the current highway system should be UDOT's first priority.

## **Congestion Mitigation Alternatives**

Utah highway capacity will not keep up with growing traffic congestion given the state's fiscal constraints.

- The state cannot build its way out of its transportation problems.
- Optimizing the existing transportation systems and reducing demand on those systems may one day be the only viable option.

Building more highways is not the only thing that can be done to mitigate ongoing traffic congestion. **Transportation system management** to optimize the existing highway system (optimizing traffic signals, clearing accidents quickly with incident response teams, and informing drivers of incidents that affect their trips) and **transportation demand management** to reduce the demand on the highway system (teleworking, alternative work schedules, carpooling, and use of mass transit) can have significant positive results toward postponing or in some cases avoiding building new capacity.

*X:\XFER\INT\2003\00001070.wpd*